

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7378**

**BILL NUMBER:** HB 1555

**DATE PREPARED:** Feb 8, 2001

**BILL AMENDED:** Feb 8, 2001

**SUBJECT:** Various Insurance Matters.

**FISCAL ANALYST:** Jim Landers

**PHONE NUMBER:** 232-9869

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires a hospital and a physician to ensure compliance with the law prohibiting the collection from an enrollee of a sum owed by a health maintenance organization (HMO). The bill allows a wage assignment for the purpose of paying a premium on a policy of insurance. It includes an HMO and a limited service HMO within the definition of "insurer" for purposes of the law regulating insurance holding company systems.

This bill also requires the Insurance Commissioner to consider the remediation efforts of a person who has engaged in unfair methods of competition or deceptive acts or practices in the business of insurance when assessing fines and penalties. The bill also provides requirements for cancellation or nonrenewal of residential insurance policies. It also requires an insurer to notify a residential policyholder regarding coverage for flood damage.

The bill also imposes certain requirements when an accident and sickness insurance policy form is no longer actively marketed. The bill requires a utilization review agent to, under certain circumstances, supply an insured with certain information at the time an adverse utilization review determination is made. It adds requirements for preauthorization of health care services. It also requires an insurer to establish and maintain an internal grievance procedure and an external grievance review procedure.

The bill amends the Indiana HMO law concerning: (1) assumption of a corporate name; (2) reinsurance; (3) rights and responsibilities of domestic, foreign, and alien HMOs; (4) annual and other filings; (5) noncovered health care expenditures; (6) receivership; and (7) voluntary dissolution.

**Effective Date:** Upon passage; July 1, 2001; January 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This bill eliminates the maximum amount of aggregate penalties that may

be imposed for unfair methods of competition and unfair or deceptive acts or practices in the business of insurance. The Department of Insurance collected \$394,000 in fines during FY 1998; \$165,000 during FY 1999; and \$130,467 in FY 2000. This bill affects the aggregate amount of fines that can be collected, so the amount of increase in fine collections will depend on administrative action in the determination of the fines imposed. Fines imposed and collected are deposited into the State General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance.

**Local Agencies Affected:**

**Information Sources:** Liz Carroll, Deputy Director, Department of Insurance, (317) 232-2406.